

**School District Tax Levies Description**  
**March 1, 2006**

<u>Tax Levy</u>	<u>Description</u>
Basic Levy (53A-17a-135; 59-2-902, 903, 905, 906)	<p>The total cost of operation and maintenance of the Minimum School Program in the state is divided between the state and school districts as follows.<sup>1</sup></p> <ol style="list-style-type: none"><li>a. Each school district shall impose a minimum basic (ad valorem) tax rate<sup>2</sup> on all taxable, tangible property in the school district and shall contribute the tax proceeds toward the cost of the Basic Program<sup>3</sup>. The Basic Levy is the local-state shared portion of each school district's M &amp; O expenditures.</li><li>b. Each school district may also impose a levy for the purpose of participating in the Voted and Board Leeway programs.</li><li>c. The state contributes the balance of the total costs from the Uniform School Fund.</li></ol> <p>The Basic Tax Rate is first estimated by the legislature each March during the annual legislative session so as to yield the dollar amount budgeted by the legislature for the coming fiscal year when levied by each school district. The State Tax Commission—in cooperation with the State Office of Education—sets the final tax rate the following June or July when more accurate assessed valuation data becomes available.<sup>4</sup></p>
State Supported Voted Leeway (53A-17a-133 and 59-2-904)	<p>A Voted Leeway is a state-supported program in which a levy—approved by the school district electorate under 53A-17a-133 and Administrative Rule R277-422—is authorized to cover a portion of the costs of operation and maintenance of the state-supported minimum school program in a school district. State and local funds</p>

received by a school district under the Voted Leeway program are free revenue and may be budgeted and expended under maintenance and operation as authorized by the local school board. To establish a Voted Leeway program, a majority of the electors of a school district voting at an election must vote in favor of the Leeway. The election must be held on one of two special, primary or regular election days as specified in statute [20A-1-204]: the fourth Tuesday in June or the first Tuesday after the first Monday in November. The Voted Leeway allows districts to levy a tax rate (up to 0.002000, including the Board Leeway levy) to generate property tax and state aid revenue to supplement the district M & O. State aid is calculated for each district based on a statutorily set dollar amount per 0.000100 of tax rate per Weighted Pupil Unit (WPU). In order to receive state support the first year, a district must receive voter approval no later than December 1 of the year prior to implementation.

State Supported Board Leeway  
(53A-17a-134 and 59-2-904)

Local school boards may levy a State Supported Board Leeway tax rate (of up to 0.000400)—under 53A-17a-134—to maintain a school program above the cost of the basic program. A local school board must establish its board-approved leeway by April 1 to have the levy apply to the fiscal year beginning July 1 of that year. In order to receive state support the first year, a district board of education must vote to establish a Board Leeway no later than December 1 of the year prior to implementation. State aid is calculated for each district based on a statutorily set dollar amount per 0.000100 of tax rate per WPU. These M & O funds must be used for class size reduction unless the board complies with certain public notice, hearing, as well as notice and permission requirements from the State Board of Education.

Reading Achievement Board Leeway Levy  
(53A-17a-151)

Each local school board may levy a tax rate of up to .000121 per dollar of taxable value for funding the school district's K-3 Reading Improvement Program created under 53A-17a-150. The K-3 Reading Improvement Program consists of program monies and is created to achieve the state's goal of having third graders reading at or above grade level. The levy authorized is in addition to any other levy or maximum rate, does not require voter approval, and may be modified or terminated by a majority vote of the board. A local school board shall establish its board-approved levy under this section by June 1 to have the levy apply to the fiscal year beginning July 1 in that same calendar year. If after 36 months of program operation, a school district fails to meet goals stated in the district's plan for student reading proficiency as measured by gain scores, the school district shall terminate any levy imposed under Section 53A-17a-151. After one year, the district may re-submit its revised reading and program plan for approval by the State Board for reconsideration.

Special Transportation  
(53A-17a-127)

A school board may provide for the transportation of students who are not eligible for regular state-supported transportation to-and-from school from general funds of the district and a tax levy (up to 0.000300). The revenues from the tax rate may also be used for hazardous bus routes, school activities, field trips and purchase of school buses. The state contributes an amount not to exceed 85% of the state average cost per mile if the school board levies at least 0.000200 tax rate.

Recreation  
(11-2-6 and 7)

School districts may join with municipalities or counties in purchasing or operating recreational facilities—such as playgrounds, athletic fields, gyms and swimming pools—and associated activities. They may also levy a Recreation Levy to fund these

facilities and activities. There is no statutory ceiling for this levy.

Tort Liability  
(63-30d-704)

School districts may invoke a Tort Liability Levy (up to 0.000100) to pay liability insurance premiums, the legal costs to defend the district against claims, settlements or judgements, as well as for actual claims, settlements or judgements against school board members or school district employees.

Judgement Recovery  
(53A-16-111; 59-2-102, 918.5, 924, 1328, 1330)

After complying with specific public notice and hearing— as well as notice to the State Tax Commission—a school district may invoke a Judgement Recovery Levy, up to the rate required to fund a property tax judgement (plus interest) against the school district as a result of a successful appeal of over-collection of property tax. Each judgement must be more than \$5,000, it must be final and unappealable, and it must have been issued no more than 14 months prior to July 22 of the year in which the judgement levy is imposed. The judgement must also be paid by the school district no later than December 31 of the year in which the judgement levy is imposed. Because school districts—as taxing entities— are liable to refund property tax funds unlawfully collected and charter schools are not taxing entities and do not share this liability, charter schools should not receive Judgement Recovery funds.

Public Law 874 (Federal Impact Aid  
-Title VII)  
(53A-17a-143)

Each school district is authorized to levy a tax rate—up to 0.000800—to provide an amount equal to the difference between the district's anticipated receipts under the federal entitlement for the fiscal year from Public Law 81-874 (the federal Impact Aid Program) and the amount the district actually received from this source for the next preceding fiscal year. This

authorization terminates at the end of the third year it is used. If the amount actually received from this tax, plus the amount actually received from the federal Impact Aid Program exceeds the federal allocation to the district, the district must carry over the excess funds as its contribution to the Basic School Program. The district's basic rate for that year will be reduced by the carried-forward funds dollar amount.

*Capital Outlay  
(53A-16-107)*

A school district may levy a Capital Outlay Levy for capital equipment or capital facilities projects up to 0.002400. Up to 0.000200 of this levy may be used for maintenance of school plants. If this option is exercised, a maintenance of effort equal to at least the dollar amount expended for the preceding year, plus the average annual percentage increase in the district's M & O budget for the current year is required.

*Debt Service  
(11-14-19)*

If a school district elects to issue and sell general obligation bonds to finance its building program, the district must levy a Debt Service tax—which has no ceiling—that will derive at least its general obligation bond principal and interest debt payment annually. The full faith and credit of the school district is pledged. In addition, the State of Utah has placed its full faith and credit behind each school district bond through the School Bond Guarantee Act (53A-28)—a default avoidance program—wherein the State's bonded indebtedness credit rating is extended to each school district.

*Voted Capital Outlay Leeway  
(53A-16-110)*

School districts may establish a Voted Capital Outlay Leeway program if a majority of the electors of a school district vote in favor of the Leeway. The election must be held on one of two special, primary or regular election days as specified in statute [20A-1-204]: the fourth Tuesday in June or the first Tuesday after the first Monday in

Ten Percent of Basic  
(53A-17a-145)

November. The Voted Capital Outlay Leeway allows districts to levy a tax rate (up to 0.002000) to generate property tax revenue to buy building sites, build and furnish school facilities or improve school property. The election must also occur prior to May 2 to be invoked for the fiscal year beginning July 1 of that year (53A-16-110(1)(a)).

School districts may establish a levy for non-general obligation debt, school sites and buildings, capital outlay expenses, as well as textbooks and supplies. This levy is called the Ten Percent of Basic levy and gets its name from its ceiling calculation. Districts may levy up to the tax rate that derives a yield equivalent to ten percent of the district's Basic Program [the Basic Program is all funding to the school district based on the district's Weighted Pupil Units (WPU's)].

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- 1.Utah Code 53A-17a-136: Cost of operation and maintenance of minimum school program - Division between state and school districts.
- 2.Utah Code 59-2-902: Minimum basic tax levy for school districts.
- 3.The Basic Program is defined as all programs funded through Weighted Pupil Units (WPU's).
- 4.Utah Code 59-2-905: Legislature to set minimum rate of levy for state's contribution to minimum school program - Matters to be considered - Commission to transmit rate to auditors - Acknowledgment of receipt.